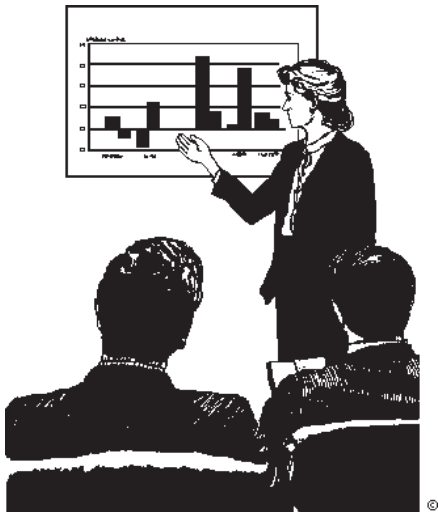


## Division of Regulation and Enforcement



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The Division of Regulation and Enforcement, through its Bureau of Financial Analysis and Examination and Bureau of Market Regulation, and in conjunction with the office's Legal Unit, is responsible for enforcing the state's insurance laws. In addition, the Division has primary responsibility in developing and maintaining the office's consumer publications and providing information and material to the office's Web site. In compliance with s. 601.01(5), Wis. Stat., the Division works with other state and federal regulatory agencies in carrying out the purposes of the Wisconsin insurance laws and the mission of the office.

## **Bureau of Financial Analysis and Examinations**

The principal function of the Bureau of Financial Analysis and Examinations is to monitor the financial condition of all insurers licensed to market insurance in Wisconsin and determine whether an insurer's financial solidity is acceptable for continued operation in Wisconsin. Monitoring includes the examination of the accounts and records of companies and the analysis of financial statements submitted to OCI, the review of CPA audit reports, and updates to the company profile database.

The bureau maintains and reviews holding company filings required by ch. Ins 40, Wis. Adm. Code, reviews financial reports for surplus lines insurers, administers insurer applications for admission to Wisconsin, merger and acquisition plans, and holding company transactions.

Among the major accomplishments in 2001 were:

- Examination of 54 domestic insurers.
- Analysis of the financial statements of over 1,800 insurers.
- Licensed 21 nondomestic insurers, 16 gift annuities, 19 warranty plans, 3 domestic insurers, and 2 continuing care retirement communities.
- Reviewed and amended the Wisconsin certificate of authority for 10 nondomestic insurers that converted from mutual to stock form.
- Reviewed and approved changes of control of 13 domestic insurers, pursuant to holding company regulations.
- Approved 3 changes of domicile into Wisconsin and 1 change of domicile out of Wisconsin.
- Completion of the proposed conversion of Blue Cross & Blue Shield United of Wisconsin from a nonprofit service insurance corporation to a stock insurance corporation.
- Reviewed and enhanced procedures for financial analysis and monitoring of licensed insurers.
- Continued use of the revised NAIC Examiner Handbook and the continued use of risk assessment and materiality considerations in setting examination scopes.

- Completion of the proposed conversion of Employers Insurance of Wausau from a mutual to a stock insurance corporation under a mutual holding company plan.
- Continued use of TeamMate 2000, electronic workpaper software, to facilitate the financial examination process.
- Continued use of ACL, an audit software tool, in the financial examination process.
- Working on pilot project for companies to file Wisconsin-specific forms electronically over the Internet.
- Continued development of automated applications used in financial analysis and examinations.
- Maintained insurer financial and demographic data on the OCI Internet Web site.
- Maintained qualification for accreditation pursuant to the Financial Regulation Standards by the NAIC.
- Continued use of actuarial consulting firms on examination of major companies.
- Reviewed and enhanced examination procedures to ensure quality control.
- Continued use of Access software to download financial data from the NAIC annually and quarterly.
- Continued participation in OCI Information Technology Planning and Standards Committee charged with the development of comprehensive plans and standards for bureau and department-wide LANs.
- Continued implementation of, and staff training on, the NAIC I SITE Program. The PC-based technology improves and expedites access by examiners to the NAIC database, through applications which produce reports for financial analysis and examinations.
- Continued reengineering of OCI financial database and applications (with IT bureau).
- Participation in NAIC task forces and working groups, including: Accounting Practices and Procedures Task Force, Examination Oversight Task Force, Risk-Based Capital Task Force,

Analyst Team System Oversight, Audit Software, Emerging Accounting Issues, Financial Analysis Handbook (Chair), Financial Analysis Working Group, Financial Analysis Research and Development (Chair), Financial Examiners Handbook, Health Entities, Health Risk-Based Capital, Insurance Group Review, Insurance Holding Company, Life Risk-Based Capital,

Property and Casualty Risk-Based Capital, Property and Casualty Reinsurance, Statutory Accounting Principles, Risk Assessment, Risk Assessment Confidentiality.

- Annual and quarterly statement forms, tax forms, application packets, examination reports, demographic data, and financial information of insurers available on the OCI Internet Web page.

## **Companies Examined**

American Dental Plan of WI  
Blue Cross & Blue Shield United of WI  
Bloomington Farmers Mutual Ins. Co.  
Caledonia Mutual Fire Ins. Co.  
Catholic Knights  
Chiropractic Services Network, Inc.  
Columbus Mutual Town Ins. Co.  
Compcare Health Services Ins. Corp.  
Cumis Ins. Society, Inc.  
CUNA Mutual Ins. Society  
Dental Protection Plan, Inc.  
Eagle Point Mutual Ins. Co.  
Ellington Mutual Ins. Co.  
Equitable Reserve Association  
Ettrick Mutual Ins. Co.  
Eye Care of WI, Inc.  
Fall Creek Mutual Ins. Co.  
Farmers Town Mutual Ins. Co.  
Farmington Mutual Ins. Co.  
Fidelity & Guaranty Ins. Underwriters  
Fireman's Fund Ins. Co. of WI  
First Commonwealth Limited Health  
General Casualty Co. of WI  
Gundersen Lutheran Health Plan, Inc.  
Holland Mutual Fire Ins. Co.  
HumanaDental Ins. Co.  
Ixonix Mutual Ins. Co.

Jamestown Mutual Ins. Co.  
Medica Health Plans of WI  
Members Life Ins. Co.  
Midwest Security Life Ins. Co.  
National Guardian Life Ins. Co.  
NGL American Life Ins. Co.  
NN Ins. Co.  
Northwestern National Casualty Co.  
Omaha Indemnity Co., The  
Physicians Ins. Co. of WI, Inc.  
Professional Dental Plan, Inc.  
Protective Dentalcare, Inc.  
Regent Ins. Co.  
Sheboygan Falls Mutual Ins. Co.  
Touchpoint Ins., Co., Inc.  
Touchpoint Health Plan, Inc.  
Tower Ins. Co., Inc.  
Tri County Mutual Town Ins.  
Union Mutual Fire Ins. Co.  
UnitedHealthcare of Wisconsin, Inc.  
United Heartland Life Ins. Co.  
United Wisconsin Ins. Co.  
Verex Assurance, Inc.  
Vision Ins. Plan of America, Inc.  
Waukesha County Mutual Ins. Co.  
Western Diversified Casualty Ins.  
Winterthur International America, Inc.

**Wisconsin Insurance Corporations Organized and Licensed**

January 1, 2001 - December 31, 2001

|                                             |             |
|---------------------------------------------|-------------|
| Meriter Health Ins. Co.                     | Madison, WI |
| Network Health Ins. Corp.                   | Menasha, WI |
| Wisconsin Auto and Truck Dealers Ins. Corp. | Madison, WI |

**Insurance Corporations of Other States Admitted**

January 1, 2001 - December 31, 2001

|                                   |                    |
|-----------------------------------|--------------------|
| ARAG Ins. Co.                     | Des Moines, IA     |
| Admiral Indemnity Co.             | Cherry Hill, NJ    |
| AmGuard Ins. Co.                  | Wilkes-Barre, PA   |
| Atlantic Specialty Ins. Co.       | New York, NY       |
| Avomark Ins. Co.                  | Fairfield, OH      |
| Builders Mutual Ins. Co.          | Raleigh, NC        |
| Coventry First LLC                | Ft. Washington, PA |
| EastGuard Ins. Co.                | Wilkes-Barre, PA   |
| First Colonial Ins. Co.           | Jacksonville, FL   |
| GMAC Ins. Co. Online, Inc.        | St. Louis, MO      |
| Granite, Re., Inc.                | Oklahoma City, OK  |
| Harleysville Life Ins. Co.        | Harleysville, PA   |
| Home-Owners Ins. Co.              | Lansing, MI        |
| Minnesota Lawyers Mutual Ins. Co. | Minneapolis, MN    |
| NLC Mutual Ins. Co.               | Washington, DC     |
| NorGuard Ins. Co.                 | Wilkes-Barre, PA   |
| Planet Indemnity Co.              | Peoria, IL         |
| Property-Owners Ins. Co.          | Lansing, MI        |
| Sentinel Ins. Co., Ltd.           | Hartford, CT       |
| Shenandoah Life Ins. Co.          | Roanoke, VA        |
| Southern-Owners Ins. Co.          | Lansing, MI        |

**Organizations Licensed as Continuing Care Retirement Communities**

January 1, 2001 - December 31, 2001

|                                |               |
|--------------------------------|---------------|
| Hillsboro Development Co., LLC | Middleton, WI |
| Newcastle Place, Inc.          | Milwaukee, WI |

**Organizations Licensed to Issue Gift Annuities**

January 1, 2001 - December 31, 2001

|                                                                           |                  |
|---------------------------------------------------------------------------|------------------|
| Catholic Church Extension Society of the<br>United States of America, The | Chicago, IL      |
| Disabled American Veterans Charitable Service                             | Cold Springs, KY |
| Habitat for Humanity International, Inc.                                  | Americus, GA     |
| Juvenile Diabetes Foundation International                                | New York, NY     |
| Lafayette College                                                         | Easton, PA       |
| Leukemia & Lymphoma Society, Inc., The                                    | White Plains, NY |
| Milwaukee Jewish Federation, Inc.                                         | Milwaukee, WI    |
| National Multiple Sclerosis Society                                       | Denver, CO       |
| National Spiritual Assembly of the<br>Baha'is of the United States        | Evanston, IL     |
| Nature Conservancy, The                                                   | Arlington, VA    |
| People for the Ethical Treatment of Animals, Inc.                         | Norfolk, VA      |
| Rawhide, Inc.                                                             | New London, WI   |
| Roman Catholic Diocese of Madison                                         | Madison, WI      |
| Sheboygan County Young Men's Christian Assoc.                             | Sheboygan, WI    |
| UWM Foundation, Inc., The                                                 | Milwaukee, WI    |
| Watchtower Bible and Tract Society of NY, Inc.                            | Brooklyn, NY     |

**Organizations Licensed to Issue Warranty Plans**

January 1, 2001 - December 31, 2001

|                                               |                   |
|-----------------------------------------------|-------------------|
| Automotive Warranty Services of Florida, Inc. | Glenview, IL      |
| Capital Warranty Services, Inc.               | Pompano Beach, FL |
| Corniche Group, Inc.                          | Eules, TX         |
| GE Capital Administrative Services, Inc.      | Lakewood, CO      |
| GE-Zurich Warranty Management, Inc.           | Schaumburg, IL    |
| GMAC Service Agreement Corp.                  | Southfield, MI    |
| Home Buyers Resale Warranty Corp.             | Aurora, CO        |
| Home Warranty of America, LLC                 | Northbrook, IL    |
| Insurance Administration Services, Inc.       | Hillside, IL      |
| MRP Service Agreement Corp.                   | Southfield, MI    |
| Metris Warranty Services, Inc.                | Minnetonka, MN    |
| National Auto Care Corp.                      | Westerville, OH   |
| Nissan North America, Inc.                    | Gardena, CA       |
| Subaru of America, Inc.                       | Cherry Hills, NJ  |
| United States Warranty Corp.                  | Pompano Beach, FL |
| Voyager Service Programs, Inc.                | Fort Worth, TX    |
| Warranty Business Service Corp.               | St. Louis, MO     |
| Warranty Support Services, Inc.               | Norcross, GA      |
| Zurich Services Corp., The                    | Schaumburg, IL    |

**Insurance Corporation Mergers, Consolidations, Dissolutions,  
Withdrawals, Rehabilitations, Liquidations, or Redomestications**

January 1, 2001 - December 31, 2001

**Conversions from Mutual to Stock**

|                                              |            |
|----------------------------------------------|------------|
| American Physicians Assurance Corp.          | 02/01/2001 |
| American United Life Ins. Co.                | 02/01/2001 |
| Baltimore Life Ins. Co., The                 | 03/28/2001 |
| Blue Cross & Blue Shield United of Wisconsin | 03/22/2001 |
| Employers Ins. Co. of Wausau                 | 11/21/2001 |
| Indianapolis Life Ins. Co.                   | 07/27/2001 |
| Lafayette Life Ins. Co., The                 | 07/27/2001 |
| Liberty Mutual Ins. Co.                      | 01/29/2001 |
| Lincoln Direct Life Ins. Co.                 | 02/06/2001 |
| National Ins. Underwriters                   | 10/18/2001 |
| Phoenix Life Ins. Co.                        | 08/13/2001 |
| Western and Southern Life Ins. Co., The      | 02/05/2001 |

**Dissolution**

|          |            |
|----------|------------|
| NCL Coop | 12/20/2001 |
|----------|------------|

**Withdrawals**

|                        |            |
|------------------------|------------|
| CD Serve, Inc.         | 07/24/2001 |
| Covenant Insurance Co. | 12/07/2001 |
| First Protection Corp. | 03/31/2001 |
| Penn-Star Ins. Co.     | 09/13/2001 |

**Liquidations**

|                                                |            |
|------------------------------------------------|------------|
| Acceleration National Ins. Co.                 | 02/28/2001 |
| Amwest Surety Ins. Co.                         | 06/07/2001 |
| Associated Physicians Ins. Co.                 | 08/16/2001 |
| Credit General Ins. Co.                        | 01/02/2001 |
| Far West Ins. Co.                              | 11/09/2001 |
| Great States Ins. Co.                          | 05/08/2001 |
| HIH American Compensation & Liability Ins. Co. | 04/13/2001 |
| International Indemnity Co.                    | 01/18/2001 |
| Reliance Insurance Co.                         | 10/03/2001 |
| United Capitol Ins. Co.                        | 11/14/2001 |

### Mergers

| Company Name                              | Merged Into                            | Date       |
|-------------------------------------------|----------------------------------------|------------|
| Berkshire Life Ins. Co.                   | Guardian Life Ins. Co. of America, The | 07/01/2001 |
| Paul Revere Protective Life Ins. Co., The | Paul Revere Life Ins. Co., The         | 04/30/2001 |
| Reliance National Ins. Co.                | Reliance Insurance Co.                 | 03/06/2001 |
| Reliance National Indemnity Co.           | Reliance Insurance Co.                 | 02/01/2001 |
| Reliance Surety Co.                       | Reliance Insurance Co.                 | 03/06/2001 |
| Frontier National Life Ins. Co.           | Conseco Health Ins. Co.                | 07/01/2001 |
| Meridian Mutual Ins. Co.                  | State Automobile Mutual Ins. Co.       | 06/01/2001 |
| Concordia Mutual Life Association         | National Mutual Benefit                | 01/01/2001 |
| Fremont Casualty Ins. Co.                 | Fremont Indemnity Co.                  | 03/31/2001 |
| American Merchants Life Ins. Co.          | Reassure America Life Ins. Co.         | 09/30/2000 |
| Humana Insurance Co.                      | Employers Health Ins. Co.              | 12/31/2001 |
| Vulcan Life Ins. Co.                      | Conseco Annuity Assurance Co.          | 04/01/2001 |
| United Pacific Ins. Co.                   | Reliance Insurance Co.                 | 02/13/2001 |
| Freemont Indemnity Co.                    | Fremont Industrial Indemnity Co.       | 11/06/2001 |
| Swiss Re Life & Health America, Inc.      | Life Reassurance Corp. of America      | 12/21/2000 |
| Pierce National Life Ins. Co.             | Fortis Benefits Ins. Co.               | 07/01/2001 |
| General Life Ins. Co. of America          | General Life Ins. Co.                  | 07/31/2001 |
| Reliance Universal Ins. Co.               | Reliance Insurance Co.                 | 02/13/2001 |
| Reliance Direct Ins. Co.                  | Reliance Insurance Co.                 | 02/13/2001 |

### Redomestications

| Company Name                          | From | To | Effective Date |
|---------------------------------------|------|----|----------------|
| Acceptance Casualty Ins. Co.          | TX   | NE | 06/30/2000     |
| Affirmative Ins. Co.                  | OH   | IL | 07/16/2001     |
| Allstate Fire and Casualty Ins. Co.   | CA   | IL | 03/28/2001     |
| American Horizon Ins. Co.             | AZ   | IL | 12/21/2001     |
| Berkshire Life Ins. Co. of America    | TN   | MA | 05/23/2001     |
| CNA Group Life Assurance Co.          | MO   | IL | 11/07/2001     |
| Delta Life and Annuity Co.            | IA   | KS | 03/01/2001     |
| Federal Home Life Ins. Co.            | IN   | VA | 12/31/2000     |
| Gulf Ins. Co.                         | MO   | CT | 10/01/2001     |
| Insura Property and Casualty Ins. Co. | OH   | IL | 07/16/2001     |
| Liberty Bankers Life Ins. Co.         | WI   | IA | 07/01/2001     |
| Midwest Employers Casualty Co.        | OH   | DE | 07/31/2001     |
| National Ins. Underwriters            | MO   | AR | 09/30/2000     |
| Peninsular Life Ins. Co.              | NC   | FL | 01/01/2001     |
| Podiatry Ins. Co. of America          | TN   | IL | 08/01/2001     |
| Reliant Ins. Co.                      | MI   | PA | 12/20/2000     |
| Rock River Ins. Co.                   | IL   | WI | 01/01/2001     |
| Sentry Casualty Co.                   | IL   | WI | 01/01/2001     |
| Sentry Select Ins. Co.                | IL   | WI | 01/01/2001     |
| Shelby Ins. Co., The                  | OH   | IL | 07/16/2001     |
| State National Specialty Ins. Co.     | FL   | TX | 10/25/2001     |
| Transamerica Occidental Life Ins. Co. | CA   | IA | 12/31/2000     |
| Travelers Commercial Casualty         | MO   | CT | 10/01/2001     |

**Insurance Corporations Which Changed Their Names**

January 1, 2001 - December 31, 2001

| <b>Previous Name</b>                            | <b>New Name</b>                              |
|-------------------------------------------------|----------------------------------------------|
| AXA Nordstern Art Ins. Corp.                    | AXA Art Ins. Corp.                           |
| Allegiance Ins. Co.                             | Horace Mann Property & Casualty Ins. Co.     |
| American Continental Life Ins. Co.              | CNA Group Life Assurance Co.                 |
| American Fire and Indemnity Co.                 | United Fire & Indemnity Co.                  |
| American Spirit Ins. Co.                        | Great American Spirit Ins. Co.               |
| Associates Ins. Co.                             | CitiCapital Ins. Co.                         |
| Baltica-Skandinavia Reinsurance Co. of America  | ICM Ins. Co.                                 |
| Bradford National Life Ins. Co.                 | ULLICO Life Ins. Co.                         |
| Brickell Financial Services                     | Brickell Financial Services Motor Club, Inc. |
| CGU Ins. Co.                                    | OneBeacon Ins. Co.                           |
| CGU Ins. Co. of New Jersey                      | Camden Fire Ins. Association, The            |
| Capitol Bankers Life Ins. Co.                   | Annuity & Life Reassurance America, Inc.     |
| Chrysler Ins. Co.                               | DaimlerChrysler Ins. Co.                     |
| Commercial Union Ins. Co.                       | OneBeacon America Ins. Co.                   |
| Commercial Union Midwest Ins. Co.               | OneBeacon Midwest Ins. Co.                   |
| Cova Financial Services Life Ins. Co.           | MetLife Investors Ins. Co.                   |
| Employers Ins. of Wausau, A Mutual Co.          | Employers Ins. Co. of Wausau                 |
| Eagle American Ins. Co.                         | Great American Security Ins. Co.             |
| Employers Health Ins. Co.                       | Humana Ins. Co.                              |
| Enhance Life Benefits LLC                       | Life Settlements International LLC           |
| Forestview Mortgage Ins. Co.                    | Allstate Fire and Casualty Ins. Co.          |
| Freemont Industrial Indemnity Co.               | Freemont Indemnity Co.                       |
| General Accident Ins. Co.                       | Pennsylvania General Ins. Co.                |
| Grange Guardian Ins. Co.                        | Grange Indemnity Ins. Co.                    |
| Great Pacific Ins. Co.                          | First American Property & Casualty Ins. Co.  |
| Greater La Crosse Health Plans, Inc.            | Health Tradition Health Plan                 |
| Hallmark Ins. Co., Inc.                         | United National Specialty Ins. Co.           |
| Healthcare Underwriters Mutual Ins. Co.         | Medical Liability Mutual Ins. Co.            |
| Healthsource Ins. Co.                           | Berkshire Life Ins. Co. of America           |
| Heritage Mutual Ins. Co.                        | ACUITY, A Mutual Ins. Co.                    |
| Lake States Ins. Co.                            | Harleysville Lake States Ins. Co.            |
| Life Reassurance Corp. of America               | Swiss Re Life & Health America, Inc.         |
| London Assurance of America, Inc. The           | XL Capital Assurance, Inc.                   |
| Milwaukee Foundation Corp., The                 | Greater Milwaukee Foundation, Inc.           |
| Milwaukee Protestant Home                       | Eastcastle Place, Inc.                       |
| Minnesota Fire and Casualty Co.                 | Harleysville Ins. Co.                        |
| NAC Reinsurance Corp.                           | XL Reinsurance America, Inc.                 |
| Nippon Fire & Marine Ins. Co., Ltd. U.S. Branch | NIPPONKOA Ins. Co., Ltd (US Branch)          |
| Nobel Ins. Co.                                  | Stonington Ins. Co.                          |
| North Central Health Protection Plan            | NCL Coop                                     |
| Ohio Life Ins. Co., The                         | Chase Life & Annuity Co.                     |
| PFL Life Ins. Co.                               | Transamerica Life Ins. Co.                   |
| Phoenix Home Life Mutual Ins. Co.               | Phoenix Life Ins. Co.                        |
| Security First Life Ins. Co.                    | MetLife Investors USA Ins. Co.               |
| Seven Hills Ins. Co.                            | Alea North America Ins. Co.                  |
| Sumitomo Marine & Fire Ins. Co. Ltd (US Branch) | Sumitomo Marine & Fire Ins Co. of America    |
| Travelers Indemnity Co. of Missouri, The        | Travelers Commercial Casualty Co.            |

**Insurance Corporations Which Changed Their Names (continued)**

| <b>Previous Name</b>                                     | <b>New Name</b>                                     |
|----------------------------------------------------------|-----------------------------------------------------|
| Unified Life Ins. Co.                                    | Americom Life & Annuity Ins. Co.                    |
| United States Life Ins. Co. of New York, The             | United States Life Ins. Co. in the City of New York |
| Villa Clement, Inc. (Clement Manor Retirement Community) | Clement Manor, Inc.                                 |
| Waterford Ins. Co.                                       | Nationwide Affinity Ins. Co. of America             |

## **Companies in Liquidation**

### **American Star Insurance Company, In Liquidation**

American Star Insurance Company was placed into liquidation on November 16, 1992. Matthew C. Mandt is appointed as special deputy liquidator.

American Star is headquartered in Lafayette, California, and had business in force mainly in Arizona, California, Idaho, Nevada, Oregon, and Washington state. There was no business in force in Wisconsin. American Star wrote commercial multi-peril, property, auto, liability, and surety business.

American Star filed a September 30, 1992, quarterly financial statement indicating capital and surplus of approximately \$5.5 million. A preliminary review of American Star's reserves for losses and loss adjustment expenses showed them to be deficient by about \$15.9 million, implying a negative net worth of about \$10.4 million. Furthermore, American Star had not obtained reinsurance coverage for policies it had written or renewed for December 1, 1992. Due to the foregoing factors, further transaction of business was hazardous to its policyholders and the general public, and American Star's owners consented to the liquidation.

Under the liquidation order, policies in force were terminated the earliest of: December 1, 1992, the date the policy expired, or the date new coverage was obtained by the agent. Certain guaranty funds extended the period of coverage for residents of their respective states, if such extension was required by law or administrative action. Ancillary liquidation proceedings were established in California, Idaho, Oregon, and New Mexico, and all have now been closed. The California ancillary liquidation proceeding was reopened on March 30, 2001, to allow a distribution of Proposition 103 rebates to California policyholders in the amount of \$1,750,000, but has since been closed. The Proposition 103 settlement was substantially below the \$10,362,838 reserved as of December 31, 1999.

At least 64,511 notices were mailed to agents, policyholders, state insurance commissioners, guaranty funds, claimants, former policyholders, and other parties whose interests may in some way be affected by the liquidation. The deadline for filing claims with the liquidator was November 16, 1993. Unexcused late filings will not be considered for payment.

On January 28, 1994, the liquidation court approved a plan to provide state guaranty funds with \$20,000,000 in early access payments to be used for the return of unexpired premiums to policyholders and payment of claims.

Early access payments were made during 1994 after each participating guaranty fund gave its written assent to the terms of the plan. Altogether the estate has advanced \$34,256,799.62 to participating guaranty funds under four early access agreements, of which \$29,403,159.43 has been converted into nonrefundable dividends.

The liquidation court has approved additional dividends, over and above the foregoing \$29,403,159.43, for full or partial payment of various class 1, 3, 4, 5, and 7 claims filed with state guaranty funds and directly with the estate, as recommended by the liquidator. Such additional dividends aggregated to \$11,051,238.17 as of December 31, 2000.

The liquidator has recommended partial payment or denial of certain class 1, 3, 5 and 8 claims filed directly with the estate. The liquidator reviews objections to partial payments or denials in the normal course of the run-off, and hearings are held before the liquidation court to adjudicate objections when necessary. In 2000, the liquidator resolved the last remaining claims listed in the first comprehensive Report on Claims filed with the liquidation court on December 9, 1997.

The second and comprehensive Report on Claims was filed on December 14, 1999. This report includes the liquidator's recommendations for full payment, partial payment, and denial on certain class 3, 5, and 7 claims. Pursuant to s. 645.65(1), Wis. Stat., the liquidator forwarded notice of recommendations for partial payment or denial to all affected claimants and advised them that they had 60 days to object to the recommendations. Three claimants objected. By the end of 2001, the liquidator resolved all but one of the remaining claims listed in the second comprehensive Report on Claims.

The third and most recent comprehensive Report on Claims was filed on March 27, 2002. This report includes the liquidator's recommendations for full payment, partial payment, and denial on certain class 5 and 8 claims. Once again the liquidator forwarded notice of recommendations for partial payment or denial to all affected claimants and advised them that they had 60 days to object to the recommendations. The liquidator will schedule hearings with respect to the claims of those claimants who file objections.

As of September 30, 2001, the estate reported assets of \$44,315,645. Claims in classes 1 through 10 were estimated at \$28,913,734, resulting in an estimated surplus of \$15,401,912.

### **Family Health Plan Cooperative, In Liquidation**

Family Health Plan Cooperative was placed into liquidation on October 16, 2000. Matthew C. Mandt was appointed as special deputy liquidator.

Family Health Plan was headquartered in Brookfield, Wisconsin, and had business in force only in Wisconsin. Family Health Plan wrote health maintenance organization business and had just over 72,000 enrollees.

Under the liquidation order, policies in force were terminated the earliest of November 1, 2000, the date the policy expired, or the date new coverage was obtained by the enrollee. The liquidator assumed an Omnibus Agreement by and among Family Health Plan, Aurora Health Care (Aurora), United Wisconsin Services, Inc. (UWS), and Family Health Systems, Inc. The following provisions of the Omnibus Agreement approved by the court and the liquidator proceeded to:

- Transfer the assets of Family Health Plan to Aurora and/or UWS as set forth in the agreement;
- Transfer of certain liabilities to Aurora and UWS;

- Retention by the liquidator of certain designated excluded liabilities;
- Established claims procedures and other provisions of the agreement.

On October 31, 2000, 6,958 notices were mailed to creditors and other parties whose interests may in some way be affected by the liquidation. The deadline for filing claims with the liquidator was May 1, 2001.

Pre-liquidation claims for benefits under Family Health Plan policies, with the exception of Medicare select policies, were assumed by Compcare Health Services Insurance Corporation. Medicare select policies were assumed by Blue Cross Blue Shield United of Wisconsin. Virtually all these claims have been settled.

Forty-nine claims have been filed for liabilities not related to insurance policy benefits. These claims are currently under review to determine Family Health Plan's liability.

### **Master Plumbers' Limited Mutual Liability Company, In Rehabilitation**

Master Plumbers' Limited Mutual Liability Company was placed in rehabilitation on March 29, 1994, by the Circuit Court for Dane County, Wisconsin. Matthew C. Mandt was appointed as Special Deputy Rehabilitator. Society Insurance, a Mutual Company, performs claim adjustment and administrative services for the rehabilitator pursuant to a contract approved by the court.

Master Plumbers' issued assessable policies and was licensed only in Wisconsin. The company wrote worker's compensation, other liability, and auto liability coverage for plumbers. All policies were written on an annual basis with January 1 effective dates.

In December 1993, pursuant to an order issued by the Commissioner, the company levied an assessment upon its policyholders equal to one additional annual premium. Collection of this assessment has been deferred until such future time as the funds may be needed. It has not been necessary to collect this assessment to date.

As of December 31, 2001, Master Plumbers' reports assets of \$1,294,337, liabilities of \$1,314,315 and a deficit of \$19,978. Liabilities include a provision of \$300,000 for 1993 and prior losses that may have occurred but have not yet been recorded.

## **Bureau of Market Regulation**

The Bureau of Market Regulation (Bureau) consists of five sections: Complaints and Central Services, Accident and Health Insurance, Health and Life Insurance, Property and Casualty Insurance, and Agent Licensing. Agent licensing activities are described in a separate section.

The Bureau is responsible for the administration and enforcement of laws and rules relating to all market conduct activities of insurers and agents. In order to fulfill its duties the Bureau conducts targeted market conduct examinations of insurers in the areas of underwriting and rating; marketing, advertising and sales; claims; and policyholder services and grievances. The Bureau is also responsible for investigating and resolving approximately 10,000 written consumer complaints each year and answering 45,000 telephone inquiries. The Bureau also processes 2,000 rate and rule filings and approves 10,000 policy form filings each year.

During 2001, the Bureau was reorganized to better address the focus on market conduct analysis and more uniformity in the market conduct examination process. A new tool for organizing examination workpapers, TeamMate 2000, was introduced and will be used on all examinations. Two advanced examiner positions are dedicated full-time to the market conduct process. One position has an emphasis on data and serves as the expert on ACL, a software package used to sample data, and sampling. The second position will focus on quality control reviews and recommending and helping draft audit guides.

The Life and Health section was divided into two sections each reporting to a section chief. One section will address life insurance and some health insurance areas, the other section focuses exclusively on accident and health insurance. A new examiner position with job duties involving investigation of electronic commerce complaints was authorized and filled in late 2001. This position will monitor insurer and agent activity on the Internet and develop expertise in electronic commerce.

Among the major accomplishments in 2001 were:

- Made significant improvements in customer service by implementing a new complaint system including an imaging system to match correspondence electronically.
- Continuing to improve the market conduct examination program including allocating an
- advanced examiner position whose duties were to develop and perform quality control reviews of examination workpapers; continuing to automate market conduct examination processes through the use of tools such as ACL and TeamMate 2000; and improving the examination process through the use of uniform data calls, audit guides, spreadsheets and report formats.
- In February 2001, became one of the first states to accept rate and form filings in all lines of insurance electronically through the System for Electronic Rate and Form Filing (SERFF).
- Successfully implemented a new system for tracking rates and forms and an imaging system to store electronic copies of approved forms and filed rates for easier public access.
- Successfully obtained a new position in the budget process to develop expertise in electronic commerce and to monitor insurer and agent activities, investigate consumer complaints and to carry out a workplan to monitor and develop policy on regulation and enforcement of insurance electronic commerce activities.
- Participated in promulgating rules on independent review organizations and grievances; Medicare supplemental and long-term care insurance; privacy; and producer licensing and continuing education.
- Significantly changed manual and system procedures for producer licensing, complaints, and rates and forms to conform to the requirements of COSMOS to update the procedures and systems to improve service and quality.
- Continued the urban outreach project by participating as liaison to the Insurance Services Committee of the Neighborhood Housing Services, providing staff to conduct training sessions for consumer groups in cooperation with the Community Insurance Information Center in Milwaukee and facilitated meetings between insurers and consumer groups.
- Participated in the Wisconsin Insurance Plan and the Wisconsin Automobile Insurance Plan meetings; quarterly meetings with the Worker's Compensation Rating Bureau and the Department of WorkForce Development; and provided technical assistance to the Small Employer Insurance Task Force.

- Served on the following NAIC committees, task forces and working groups: the System for Electronic Rate and Form Filing (SERFF) Working Group, Information for State-Based Systems subgroup, Speed to Market Working Group, Market Conduct Examination Oversight Task Force, the Producer Licensing Model Act Working Group, the Uniform Producer Licensing Working Group, the Senior Counseling Activities Working Group, the Life and Annuity Handbook Working Group, the Property and Casualty Examination Handbook Working Group and the SERFF Board of Directors.

## Policy Form Submission

The following tables summarize the policy form submission data for 2000 and 2001. Table I shows the number of policy forms received in 2000 and 2001 by line of business for each type of insurance. Table II shows the number of policy forms received in 2001 by type of filing for each type of insurance. Table III shows the number of policy forms approved in 2000 and 2001 by line of business for each type of insurance.

**Table I**  
**Number of Policy Forms Received**  
**By Line of Business in 2000 and 2001**

|                                      | 2000          | 2001          |
|--------------------------------------|---------------|---------------|
| <b>Health and Life</b>               |               |               |
| Continuing Care Retirement Community | 0             | 1             |
| Credit Accident & Health             | 168           | 103           |
| Credit Life                          | 217           | 168           |
| Group Accident & Health              | 2,858         | 4,112         |
| Group Annuity                        | 252           | 179           |
| Group Life                           | 1,004         | 790           |
| Health & Life Miscellaneous          | 241           | 154           |
| Health Maintenance Organization      | 704           | 762           |
| Individual Accident & Health         | 1,694         | 1,780         |
| Individual Annuity                   | 845           | 864           |
| Individual Life                      | 2,838         | 2,167         |
| Limited Service Health Organization  | 58            | 12            |
| Preferred Provider Plan              | 226           | 603           |
| Variable                             | 781           | 1,207         |
| Viatical                             | 16            | 0             |
| <b>Total Health and Life</b>         | <b>11,902</b> | <b>12,902</b> |
| <b>Property and Casualty</b>         |               |               |
| Aviation                             | 1,137         | 1,712         |
| Bonds                                | 475           | 362           |
| Commercial Property & Multiperil     | 11,859        | 9,130         |
| Commercial Motor Vehicle             | 2,407         | 1,873         |
| Credit Property                      | 255           | 175           |
| Credit Unemployment                  | 24            | 31            |
| Excess Managed Care                  | 24            | 1             |
| Legal Expense                        | 65            | 162           |
| Liability                            | 15,847        | 10,599        |
| Mechanical Breakdown                 | 51            | 54            |
| Mortgage Guaranty                    | 75            | 78            |
| Motor Clubs                          | 23            | 12            |
| Other Personal Property              | 115           | 22            |
| Personal Property, Multiperil, Farm  | 3,038         | 2,850         |
| Personal Motor Vehicle               | 1,051         | 1,156         |
| Title                                | 173           | 78            |
| Travel Accident                      | 4             | 2             |
| Warranty and Vehicle Service         | 477           | 523           |
| Worker's Compensation                | 7             | 14            |
| <b>Total Property and Casualty</b>   | <b>37,107</b> | <b>28,834</b> |
| <b>Grand Total</b>                   | <b>49,009</b> | <b>41,736</b> |

**Table II**  
**Number of Policy Forms Received**  
**By Type of Filing For 2001**

| Type of Filing                 | Type of Business    |               | Total         |
|--------------------------------|---------------------|---------------|---------------|
|                                | Property & Casualty | Life & Health |               |
| Application                    | 1,254               | 2,272         | 3,526         |
| Binder                         | 66                  | 1             | 67            |
| Certificate                    | 114                 | 642           | 756           |
| Declaration/Schedule/Data Page | 2,617               | 397           | 3,014         |
| Informational Filing           | 34                  | 515           | 549           |
| Jacket                         | 434                 | 9             | 443           |
| Matrix                         | 1                   | 1,264         | 1,265         |
| Notice                         | 233                 | 194           | 427           |
| Outline of Coverage            | 173                 | 440           | 613           |
| Policy                         | 1,939               | 1,684         | 3,623         |
| Rider/Endorsement/Amendment    | 21,910              | 4,315         | 26,225        |
| Single Page                    | <u>31</u>           | <u>1,150</u>  | <u>1,181</u>  |
| <b>Totals</b>                  | <u>28,806</u>       | <u>12,883</u> | <u>41,689</u> |

**Table III**  
**Policy Forms Approved By Line of Business**  
**For 2000 and 2001**

|                                     | 2000          | 2001          |
|-------------------------------------|---------------|---------------|
| <b>Health and Life</b>              |               |               |
| Credit Accident & Health            | 162           | 86            |
| Credit Life                         | 214           | 135           |
| Group Accident & Health             | 3,025         | 3,891         |
| Group Annuity                       | 230           | 170           |
| Group Life                          | 908           | 658           |
| Health & Life Miscellaneous         | 76            | 130           |
| Health Maintenance Organization     | 812           | 699           |
| Individual Accident & Health        | 1,357         | 1,547         |
| Individual Annuity                  | 794           | 814           |
| Individual Life                     | 2,620         | 1,932         |
| Limited Service Health Organization | 61            | 12            |
| Preferred Provider Plan             | 364           | 584           |
| Variable                            | 681           | 1,163         |
| Viatical                            | <u>1</u>      | <u>0</u>      |
| <b>Total Health and Life</b>        | <u>11,304</u> | <u>11,821</u> |

(continued on next page)

**Table III (continued)**  
**Policy Forms Approved By Line of Business**  
**For 2000 and 2001**

|                                     | <b>2000</b>       | <b>2001</b>       |
|-------------------------------------|-------------------|-------------------|
| <b>Property and Casualty</b>        |                   |                   |
| Aviation                            | 491               | 386               |
| Bonds                               | 518               | 356               |
| Commercial Property & Multiperil    | 11,954            | 9,077             |
| Commercial Motor Vehicle            | 2,437             | 1,870             |
| Credit Property                     | 236               | 167               |
| Credit Unemployment                 | 19                | 29                |
| Excess Managed Care                 | 24                | 1                 |
| Legal Expense                       | 65                | 151               |
| Liability                           | 15,643            | 10,519            |
| Mechanical Breakdown                | 39                | 54                |
| Mortgage Guaranty                   | 75                | 78                |
| Motor Clubs                         | 20                | 11                |
| Other Personal Property             | 113               | 21                |
| Personal Property, Multiperil, Farm | 2,176             | 2,725             |
| Personal Motor Vehicle              | 942               | 1,125             |
| Title                               | 173               | 73                |
| Travel Accident                     | 3                 | 1                 |
| Warranty and Vehicle Service        | 394               | 469               |
| Worker's Compensation               | <u>2</u>          | <u>14</u>         |
| <b>Total Property and Casualty</b>  | <u>35,324</u>     | <u>27,127</u>     |
| <br><b>Grand Total</b>              | <br><u>46,628</u> | <br><u>38,948</u> |

## Trends in Complaints

In 2001, there were an increased number of complaints involving illegal multiple employer welfare associations (MEWA), agent-related problems in sales to the elderly, the use of credit history in underwriting auto and homeowners insurance, claim handling related to storm damage and concerns about the rapidly increasing price of health insurance for individuals and small employers. The MEWA and agent complaints resulted in administrative actions.

The following tables summarize the bureau's complaint data. Table I shows a comparison of complaint activity over the last six years. A complaint is defined as a written expression of dissatisfaction with an insurance company or agent. Complaints may initially be received either in person, by telephone, by e-mail, or in writing. To be considered a formal complaint that initiates an inquiry or investigation, a complaint should be in writing. The data presented is based upon formal complaints.

In addition to the formal complaints, the Bureau also handled over 42,000 general inquiries or requests for information in 2001. Most such inquiries were by telephone, with the remainder being written communications, including e-mail, and "walk-ins."

Table II shows 2000 and 2001 complaints by type of insurance. When reviewing this information, it is important to note that a complaint may involve more than one type of insurance. Table III shows the area of insurance operations that generated the complaint. As with Table II, a complaint may involve more than one area of insurance operations.

Table III shows the basis for complaints. Over half the complaints involve claim problems. Policyholder service is the second most common reason for filing a complaint.

**Table I**  
**Total Complaint Files**

| Year | Received | Closed |
|------|----------|--------|
| 1996 | 9,135    | 8,407  |
| 1997 | 9,169    | 9,294  |
| 1998 | 8,834    | 9,551  |
| 1999 | 9,559    | 9,506  |
| 2000 | 9,295    | 9,005  |
| 2001 | 9,265    | 8,874  |

|        | 1996  | 1997  | 1998  | 1999  | 2000  | 2001  |
|--------|-------|-------|-------|-------|-------|-------|
| Health | 4,889 | 4,876 | 4,810 | 5,495 | 5,118 | 5,182 |
| P&C    | 3,313 | 3,339 | 3,327 | 3,350 | 3,482 | 3,448 |
| Life   | 1,150 | 1,122 | 867   | 896   | 838   | 840   |

**Table II**  
**Complaints Filed By Type of Insurance\***

|                                                 | <b>2000</b>  | <b>2001</b>  |
|-------------------------------------------------|--------------|--------------|
| <b>Accident and Health</b>                      |              |              |
| Group Accident and Health                       | 208          | 334          |
| Individual Accident and Health                  | 226          | 397          |
| Medicare Supplement                             | 259          | 299          |
| Long-Term Care                                  | 62           | 75           |
| HMO                                             | 1,083        | 832          |
| PPO                                             | 1,860        | 1,621        |
| LSHO                                            | 38           | 21           |
| Credit                                          | 168          | 121          |
| Self-Funded Health Plans                        | <u>1,214</u> | <u>1,482</u> |
| <b>Total Accident and Health</b>                | <u>5,118</u> | <u>5,182</u> |
| <br><b>Property and Casualty</b>                |              |              |
| Automobile                                      | 1,270        | 1,364        |
| Homeowner's, Tenant's, Farmowner's              | 810          | 953          |
| Fire, Allied Lines, Other Property              | 155          | 244          |
| General Liability                               | 95           | 84           |
| Worker's Compensation                           | 631          | 344          |
| All Other Lines                                 | <u>521</u>   | <u>459</u>   |
| <b>Total Property and Casualty</b>              | <u>3,482</u> | <u>3,448</u> |
| <br><b>Life, Including Credit and Annuities</b> | <u>838</u>   | <u>840</u>   |
| <br><b>Grand Total</b>                          | <u>9,438</u> | <u>9,470</u> |

\*A complaint may involve more than one type of insurance.

**Table III**  
**Reasons for Complaints\***

| <b>Basis for Complaint</b> | <b>Through<br/>4th Quarter<br/>2000</b> | <b>Percent<br/>of Total</b> | <b>Through<br/>4th Quarter<br/>2001</b> | <b>Percent<br/>of Total</b> |
|----------------------------|-----------------------------------------|-----------------------------|-----------------------------------------|-----------------------------|
| Claim Handling             | 6,036                                   | 59%                         | 7,112                                   | 61%                         |
| Policyholder Service       | 1,604                                   | 16                          | 1,837                                   | 16                          |
| Marketing and Sales        | 945                                     | 9                           | 1,170                                   | 10                          |
| Underwriting               | 1,307                                   | 13                          | 1,432                                   | 12                          |
| Other                      | 336                                     | 3                           | 160                                     | 1                           |

\*A complaint may have more than one basis.

The Bureau keeps track of the amount of money recovered by complainants who filed a complaint with our office. From January 1 through the 4th quarter of 2001, the office assisted complainants in recovering \$3,732,647 from insurers as follows:

**Table IV**  
**Amounts Recovered for Complainants by Types of Coverage and Complaint Reason**

| <b>Coverage Type</b>     | <b>Claim Handling</b>     | <b>Policyholder Service</b> | <b>Marketing and Sales</b> | <b>Underwriting</b>     | <b>Other</b>        | <b>Total</b>              |
|--------------------------|---------------------------|-----------------------------|----------------------------|-------------------------|---------------------|---------------------------|
| Group Health             | \$ 57,913                 | \$ 2,672                    | \$ 497                     | \$ 0                    | \$ 0                | \$ 61,082                 |
| Ind. Accident and Health | 104,167                   | 3,655                       | 1,055                      | 3,629                   | 0                   | 112,506                   |
| Ind. Medicare Supplement | 98,013                    | 7,250                       | 5,206                      | 1,335                   | 0                   | 111,804                   |
| Long-Term Care           | 17,751                    | 5,406                       | 415                        | 4,279                   | 0                   | 27,850                    |
| HMO/PPO/LSHO             | 537,060                   | 2,135                       | 5,293                      | 210                     | 46                  | 544,744                   |
| Credit Health            | 18,441                    | 2,524                       | 220                        | 0                       | 0                   | 21,185                    |
| Self-Funded Health       | 72,401                    | 103                         | 0                          | 0                       | 0                   | 72,504                    |
| Automobile               | 273,574                   | 10,800                      | 5,954                      | 30,329                  | 115                 | 320,772                   |
| Life, Including          |                           |                             |                            |                         |                     |                           |
| Credit and Annuities     | 673,762                   | 115,707                     | 232,078                    | 43,551                  | 0                   | 1,065,098                 |
| Homeowner's, Tenant's,   |                           |                             |                            |                         |                     |                           |
| Farmowner's              | 352,040                   | 3,340                       | 47,130                     | 36,417                  | 0                   | 438,927                   |
| Fire, Allied Lines,      |                           |                             |                            |                         |                     |                           |
| Other Property           | 299,049                   | 18,636                      | 26,525                     | 844                     | 0                   | 345,054                   |
| General Liability        | 3,067                     | 6,149                       | 16,247                     | 9,092                   | 0                   | 34,555                    |
| Worker's Compensation    | 6,090                     | 8,126                       | 750                        | 121,858                 | 0                   | 136,824                   |
| All Other Lines          | <u>429,413</u>            | <u>3,774</u>                | <u>969</u>                 | <u>5,586</u>            | <u>0</u>            | <u>439,742</u>            |
| <b>Total</b>             | <u><u>\$2,942,741</u></u> | <u><u>\$190,277</u></u>     | <u><u>\$342,339</u></u>    | <u><u>\$257,129</u></u> | <u><u>\$161</u></u> | <u><u>\$3,732,647</u></u> |

Complainants may appeal the results of the Bureau's determination on their complaints when the complaints were not resolved as originally requested. The appeal gives the complainants an opportunity to have their complaints reviewed by the office's management staff or to provide additional information on their complaint to office management. Table V reflects the complaint appeal activity.

**Table V**  
**2001 Complaint Appeals Filed by Section**

|                                   | <b>Property &amp; Casualty</b> | <b>Life &amp; Health</b> | <b>Complaints</b> | <b>Total</b> |
|-----------------------------------|--------------------------------|--------------------------|-------------------|--------------|
| Number of Complaint Files         |                                |                          |                   |              |
| Appealed in 2001*                 | 99                             | 118                      | 2                 | 219          |
| Appealed Complaint Files Reopened | 40                             | 23                       | 1                 | 64           |

\*An appeal may be on a file closed prior to the period under review.

**Table VI**  
**Complainant Survey**  
**2001**

|                       |       |
|-----------------------|-------|
| Survey Cards Sent     | 1,677 |
| Survey Cards Returned | 857   |
| Response Rate         | 51%   |

**Results**

|                                                                               |                 |     |                |     |
|-------------------------------------------------------------------------------|-----------------|-----|----------------|-----|
| 1. How did you hear about the Office of the Commissioner of Insurance?        |                 |     |                |     |
| Word of Mouth                                                                 | 255             |     |                |     |
| Insurance Agent                                                               | 135             |     |                |     |
| Insurance Company                                                             | 84              |     |                |     |
| Phone Book                                                                    | 30              |     |                |     |
| Lawyer                                                                        | 51              |     |                |     |
| Health Care Provider                                                          | 70              |     |                |     |
| Other                                                                         | 272             |     |                |     |
| No Answer                                                                     | 117             |     |                |     |
| 2. Did we respond to your complaint promptly?                                 | <b>Yes    %</b> |     | <b>No    %</b> |     |
|                                                                               | 774             | 92% | 68             | 8%  |
| 3. Do you feel your complaint was handled fairly by our office?               | 634             | 79% | 164            | 21% |
| 4. Do you feel you were given an adequate explanation on your complaint?      | 598             | 77% | 183            | 23% |
| 5. If you called our office, do you feel we treated you courteously?          | 534             | 98% | 13             | 2%  |
| 6. If you have another insurance problem, would you contact our office again? | 691             | 91% | 70             | 9%  |

### **Companies Examined in 2001**

Allstate Ins. Co.  
American Dental Plan of Wisconsin, Inc.  
Compcare Health Services Ins. Corp.  
Conseco Senior Health Ins. Co.  
Deerbrook Ins. Co.  
Employers Health Ins. Co.  
Midwest Security Life Ins. Co.  
Mt. Morris Mutual Ins. Co.  
Network Health Plan of Wisconsin  
North American Ins. Co.  
Prevea Health Ins. Plan Inc.  
Professional Dental Plan, Inc.  
SECURA Ins. A Mutual Co.  
Wisconsin Automobile Ins. Plan  
Wisconsin Compensation Rating Bureau  
Wisconsin Physicians Service

## **Agent Licensing Section**

The Agent Licensing Section conducts licensing examinations for insurance agents; licenses agents, reinsurance intermediaries, managing general agents, certain corporations and firms, employee benefit plan administrators, viatical settlement brokers; and reviews and approves preclicensing and continuing education providers and courses.

During 2001, there were 9,245 tests administered in all lines of insurance to candidates seeking a resident agent license. In all, a total of 15,536 new licenses were issued to resident and nonresident agent candidates.

As of December 31, 2001, there were 78,406 licensed insurance agents and 614,541 active appointments by insurance companies authorizing the licensed agents to market their products.

Projects within the section for 2001 included:

- Successfully converted all agent data to a new computer database. COSMOS was purchased and implemented in October of 2001.
- Proposed changes to the administrative rules for agents to be reciprocal and more uniform under the Gramm-Leach-Bliley Act and the NAIC Producer Model.

- The fourth continuing education biennial reporting period for agents began January 1, 2001. Assessment Systems, Inc. (ASI), continues to administer the entire program, which includes provider, instructor, and course approval, as well as course tracking. To satisfy the biennial requirements, agents affected must earn 24 credit hours by February 15, 2003.
- Continued involvement with the NAIC in the development of a National Producer Database. The database will speed up and simplify the licensing process and provide benefits to both regulators and industry. Wisconsin participated as a pilot state for the project, and provides daily updates to the database along with 44 other states.
- Continued participation in the NAIC's Producer Information Network (PIN) Project. The goal of this committee, comprised of state regulators and industry representatives, is to improve the effectiveness and efficiency of the state licensing process through increased coordination, automation, standardization, and reciprocity.

Wisconsin is one of 40 states to sign a Declaration of Uniform Treatment through the NAIC. This Declaration provides for the use of a national application for major-line nonresident licensing.

## **Commercial Liability Insurance Reports**

### **Section 601.422, Wis. Stat.**

The following tables summarize the reports on commercial liability insurance required by s. 601.422, Wis. Stat., that were received in 2001. All of the information is for commercial liability insurance written in Wisconsin by authorized insurers. The data required by this statute were collected from the following three sources:

1. the insurers themselves,
2. statistical agents utilized by the insurers, and
3. the NAIC database.

Reporting thresholds were established by this office in conjunction with the statistical agents to eliminate insurers who write marginal amounts of insurance.

Tables IA and IB include information required for policy years 1998 and 1999, respectively. Lines one and two were calculated by applying the ratios of investment gain and other expenses to net premium earned for other liability as reported in the Insurance Expense Exhibit to direct premiums earned. The Insurance Expense Exhibit information is on a calendar year basis, therefore the ratios applied represent the average of the two calendar years included in the applicable policy year. The number of policies written, the number of claims closed without payment, and the number of legal actions filed were provided by the insurers. The remaining policy year information was provided by statistical agents.

It should be noted that the liability for claims incurred but not reported (IBNR) is calculated differently depending on the market. In particular, approximations for the IBNR liability for excess and umbrella insurance are based on the general liability expected loss ratio. The long-tailed nature of these two lines can create difficulty when attempting to establish an accurate liability for claims IBNR even after three or four years of development.

As noted previously, much of the data is from individual insurers and the statistical agents they utilize. These reports have been accepted by this office without audit.

Table II summarizes key ratios and averages for supplemental commercial liability data for the most recent five policy years. Several cells in this table are incomplete due to lack of activity for selected categories in certain policy years. Incomplete cells are indicated by an asterisk.

**TABLE 1A**  
**COMMERCIAL LIABILITY INSURANCE REPORT, S. 601.422, WIS. STAT.**  
**ENTRIES ARE FOR INSURERS REPORTING COMMERCIAL LIABILITY INSURANCE IN WISCONSIN\***

| Policy Year 1998                                                                                              | Premises & Operations | Products & Completed Operations | Excess  | Umbrella | Lawyers Professional | All Other Professional | Day Care | Recreational | Municipal | Pollution | Liquor Liability |
|---------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------------|---------|----------|----------------------|------------------------|----------|--------------|-----------|-----------|------------------|
| 1. Investment gain                                                                                            | \$17,990              | \$6,950                         | \$2,886 | \$14,157 | \$2,151              | \$9,711                | \$126    | \$686        | \$1,336   | \$348     | \$177            |
| 2. Expenses incurred other than loss adjusting expenses                                                       | 30,370                | 11,733                          | 4,872   | 23,899   | 3,632                | 16,394                 | 212      | 1,159        | 2,255     | 588       | 299              |
| 3. Number of policies written                                                                                 | 95,898                | 34,157                          | 2,594   | 28,188   | 1,930                | 17,929                 | 1,162    | 2,892        | 1,615     | 712       | 963              |
| 4. Direct dollar premium earned                                                                               | 102,915               | 39,761                          | 16,511  | 80,987   | 12,308               | 55,555                 | 719      | 3,926        | 7,642     | 1,991     | 1,014            |
| 5. Average premium per policy                                                                                 | 1,073                 | 1,164                           | 6,365   | 2,873    | 6,377                | 3,099                  | 618      | 1,358        | 4,732     | 2,796     | 1,053            |
| 6. Number of outstanding claims                                                                               | 786                   | 216                             | 42      | 35       | 83                   | 124                    | 5        | 15           | 45        | 5         | 3                |
| 7. Direct case reserves for outstanding claims                                                                | 18,907                | 6,725                           | 2,728   | 8,530    | 2,657                | 5,162                  | 587      | 458          | 454       | 355       | 4                |
| 8. Liability for claims incurred but not reported                                                             | 24,004                | 18,649                          | 6,713   | 27,179   | 3,469                | 12,605                 | 138      | 754          | 1,383     | 870       | 232              |
| 9. Loss adjustment expense liability for open claims                                                          | 2,396                 | 559                             | 343     | 214      | 811                  | 1,344                  | 9        | 46           | 340       | 78        | 2                |
| 10. Losses paid                                                                                               | 6,276                 | 1,215                           | 2,175   | 14,975   | 445                  | 3,137                  | 13       | 78           | 308       | 0         | 1                |
| 11. Pure loss ratio                                                                                           | 47.8%                 | 66.9%                           | 70.4%   | 62.6%    | 53.4%                | 37.6%                  | 102.6%   | 32.9%        | 28.1%     | 61.5%     | 23.4%            |
| 12. Allocated loss adjustment expense paid                                                                    | 703                   | 355                             | 71      | 196      | 250                  | 1,225                  | 0        | 8            | 11        | 6         | 2                |
| 13. Number of claims paid                                                                                     | 9,717                 | 1,127                           | 52      | 48       | 58                   | 444                    | 66       | 290          | 719       | 2         | 14               |
| 14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses | 76,315                | 33,282                          | 38,043  | 55,529   | 9,431                | 31,776                 | 897      | 2,201        | 4,159     | 1,298     | 267              |
| 15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses       | 81,281                | 35,712                          | 40,720  | 58,914   | 10,313               | 33,476                 | 960      | 2,359        | 4,593     | 1,383     | 286              |
| 16. Number of claims closed without payment                                                                   | 5,105                 | 985                             | 38      | 40       | 71                   | 711                    | 428      | 127          | 748       | 69        | 4                |
| 17. Number of legal actions filed                                                                             | 686                   | 113                             | 12      | 180      | 38                   | 300                    | 0        | 11           | 44        | 8         | 1                |

\* 000's omitted in items 1, 2, 4, 7, 8, 9, 10, 12, 14, and 15.

TABLE IB  
COMMERCIAL LIABILITY INSURANCE REPORT, S. 601.422, WIS. STAT.  
ENTRIES ARE FOR INSURERS REPORTING COMMERCIAL LIABILITY INSURANCE IN WISCONSIN\*

| Policy Year 1999                                                                                              | Premises & Operations | Products & Completed Operations | Excess  | Umbrella | Lawyers Professional | All Other Professional | Day Care | Recreational | Municipal | Pollution | Liquor Liability |
|---------------------------------------------------------------------------------------------------------------|-----------------------|---------------------------------|---------|----------|----------------------|------------------------|----------|--------------|-----------|-----------|------------------|
| 1. Investment gain                                                                                            | \$16,483              | \$7,107                         | \$2,835 | \$12,820 | \$2,054              | \$9,316                | \$110    | \$685        | \$1,259   | \$263     | \$161            |
| 2. Expenses incurred other than loss adjusting expenses                                                       | 28,989                | 12,500                          | 4,985   | 22,548   | 3,613                | 16,385                 | 193      | 1,205        | 2,214     | 462       | 283              |
| 3. Number of policies written                                                                                 | 99,318                | 34,721                          | 2,625   | 31,838   | 1,532                | 19,615                 | 336      | 2,730        | 1,651     | 806       | 1,263            |
| 4. Direct dollar premium earned                                                                               | 98,102                | 42,300                          | 16,871  | 76,303   | 12,225               | 55,449                 | 653      | 4,079        | 7,493     | 1,563     | 958              |
| 5. Average premium per policy                                                                                 | 988                   | 1,218                           | 6,427   | 2,397    | 7,980                | 2,827                  | 1,942    | 1,494        | 4,538     | 1,939     | 758              |
| 6. Number of outstanding claims                                                                               | 1,411                 | 411                             | 35      | 77       | 131                  | 373                    | 6        | 40           | 88        | 3         | 4                |
| 7. Direct case reserves for outstanding claims                                                                | 22,494                | 7,960                           | 37,252  | 21,928   | 2,624                | 7,235                  | 170      | 1,020        | 532       | 522       | 105              |
| 8. Liability for claims incurred but not reported                                                             | 42,041                | 34,078                          | 8,927   | 15,479   | 3,120                | 21,361                 | 244      | 1,504        | 2,452     | 1,163     | 364              |
| 9. Loss adjustment expense liability for open claims                                                          | 2,432                 | 601                             | 26      | 944      | 981                  | 2,115                  | 3        | 150          | 446       | 20        | 31               |
| 10. Losses paid                                                                                               | 3,781                 | 1,480                           | 150     | 2,684    | 153                  | 767                    | 18       | 208          | 15        | 1         | 0                |
| 11. Pure loss ratio                                                                                           | 69.6%                 | 102.9%                          | 274.6%  | 52.5%    | 48.2%                | 53.0%                  | 66.2%    | 67.0%        | 40.0%     | 107.9%    | 49.0%            |
| 12. Allocated loss adjustment expense paid                                                                    | 332                   | 73                              | 10      | 177      | 64                   | 689                    | 3        | 4            | 1         | 8         | 0                |
| 13. Number of claims paid                                                                                     | 7,840                 | 944                             | 13      | 55       | 24                   | 406                    | 36       | 257          | 775       | 7         | 5                |
| 14. Ultimate incurred losses including allocated loss adjustment expense and incurred but not reported losses | 86,716                | 48,696                          | 46,405  | 51,767   | 7,530                | 36,277                 | 897      | 3,200        | 4,935     | 1,687     | 547              |
| 15. Ultimate incurred losses including all loss adjustment expense and incurred but not reported losses       | 92,385                | 52,117                          | 49,723  | 114,751  | 8,286                | 38,684                 | 962      | 3,434        | 5,460     | 1,819     | 585              |
| 16. Number of claims closed without payment                                                                   | 3,934                 | 683                             | 21      | 19       | 23                   | 480                    | 3        | 135          | 256       | 21        | 39               |
| 17. Number of legal actions filed                                                                             | 180                   | 56                              | 10      | 5        | 21                   | 246                    | 0        | 1            | 16        | 2         | 1                |

\* 000's omitted in items 1, 2, 4, 7, 8, 9, 10, 12, 14, and 15.

**TABLE II**  
**COMMERCIAL LIABILITY INSURANCE REPORT, S. 601.422, WIS. STAT.**  
**SUMMARY OF SUPPLEMENTAL DATA**

|                                            | Premises & Operations | Products & Completed Operations | Excess    | Umbrella | Lawyers Professional Liability | All Other Professional Liability | Day Care | Recreational | Municipal | Pollution | Liquor Liability |
|--------------------------------------------|-----------------------|---------------------------------|-----------|----------|--------------------------------|----------------------------------|----------|--------------|-----------|-----------|------------------|
| <b>Loss Ratios</b>                         |                       |                                 |           |          |                                |                                  |          |              |           |           |                  |
| 1999                                       | 69.6%                 | 102.9%                          | 274.6%    | 52.5%    | 48.2%                          | 53.0%                            | 66.2%    | 67.0%        | 40.0%     | 107.9%    | 49.0%            |
| 1998                                       | 47.8                  | 66.9                            | 70.4      | 62.6     | 53.4                           | 37.6                             | 102.6    | 32.9         | 28.1      | 61.5      | 23.4             |
| 1997                                       | 30.7                  | 57.1                            | 46.7      | 59.5     | 37.0                           | 40.9                             | 15.5     | 41.5         | 15.0      | 33.0      | 13.3             |
| 1996                                       | 25.7                  | 35.4                            | 38.9      | 49.6     | 37.6                           | 22.6                             | 6.6      | 12.5         | 9.8       | 39.4      | 13.0             |
| 1995                                       | 18.1                  | 42.2                            | 41.1      | 25.0     | 12.7                           | 13.0                             | 3.2      | 6.6          | 14.1      | 22.5      | 8.1              |
| <b>Five-year average</b>                   | 37.4                  | 60.4                            | 103.3     | 49.3     | 35.6                           | 33.6                             | 27.6     | 30.8         | 21.3      | 49.3      | 21.3             |
| <b>Average Incurred Loss Per Claim</b>     |                       |                                 |           |          |                                |                                  |          |              |           |           |                  |
| 1999                                       | 2,840                 | 6,966                           | 779,204   | 186,456  | 17,913                         | 10,273                           | 4,480    | 4,134        | 634       | 52,304    | 11,717           |
| 1998                                       | 2,398                 | 5,912                           | 52,160    | 283,188  | 21,999                         | 14,611                           | 8,445    | 1,755        | 998       | 50,717    | 266              |
| 1997                                       | 2,046                 | 5,631                           | 5,178     | 281,037  | 15,992                         | 30,026                           | 944      | 4,756        | 683       | 8         | 167              |
| 1996                                       | 1,849                 | 4,062                           | 12,496    | 110,348  | 15,049                         | 16,815                           | 534      | 957          | 54        | 34,587    | 1,693            |
| 1995                                       | 1,346                 | 6,912                           | 9,756     | 53,543   | 7,000                          | 10,745                           | 82       | 526          | 1,602     | 4,546     | 539              |
| <b>5-year average</b>                      | 2,065                 | 5,917                           | 134,371   | 178,106  | 14,773                         | 16,229                           | 2,345    | 2,249        | 433       | 22,273    | 2,390            |
| <b>Average Case Reserve Per Claim</b>      |                       |                                 |           |          |                                |                                  |          |              |           |           |                  |
| 1999                                       | 15,942                | 19,366                          | 1,064,335 | 284,783  | 20,028                         | 19,398                           | 28,292   | 25,494       | 6,050     | 174,015   | 26,356           |
| 1998                                       | 24,055                | 31,136                          | 64,951    | 243,702  | 32,013                         | 41,627                           | 117,300  | 30,505       | 10,099    | 71,004    | 1,167            |
| 1997                                       | 46,063                | 45,133                          | 119       | 335,781  | 39,743                         | 90,847                           | 50,000   | 222,591      | 26,425    | 28        | *                |
| 1996                                       | 73,113                | 57,790                          | 71,682    | 82,187   | 51,746                         | 88,139                           | 10,000   | 99,300       | 13,324    | 21        | 0                |
| 1995                                       | 77,250                | 64,780                          | 131,252   | 19,777   | 29,519                         | 70,164                           | *        | 1            | 4,500     | 100,000   | *                |
| <b>5-year average</b>                      | 26,484                | 30,590                          | 431,656   | 230,535  | 30,828                         | 42,029                           | 63,002   | 47,133       | 9,563     | 75,167    | 12,103           |
| <b>Allocated LAE: Premium Earned</b>       |                       |                                 |           |          |                                |                                  |          |              |           |           |                  |
| 1999                                       | 2.8%                  | 1.6%                            | 0.2%      | 1.5%     | 8.5%                           | 5.1%                             | 0.9%     | 3.8%         | 6.0%      | 1.8%      | 3.2%             |
| 1998                                       | 3.0                   | 2.3                             | 2.5       | 0.5      | 8.6                            | 4.6                              | 1.3      | 1.4          | 4.6       | 4.2       | 0.4              |
| 1997                                       | 2.8                   | 3.3                             | 0.2       | 3.1      | 5.4                            | 10.4                             | 2.2      | 1.6          | 3.2       | 2.2       | 0.0              |
| 1996                                       | 8.7                   | 2.1                             | 0.3       | 0.3      | 9.8                            | 5.5                              | 0.2      | 0.8          | 3.8       | 15.2      | 0.6              |
| 1995                                       | 3.0                   | 3.9                             | 0.0       | 0.3      | 6.4                            | 5.3                              | 0.1      | 0.4          | 3.0       | 0.5       | 0.0              |
| <b>5-year average</b>                      | 4.1                   | 2.6                             | 0.7       | 1.1      | 7.7                            | 6.2                              | 0.7      | 1.5          | 4.1       | 4.7       | 0.8              |
| <b>IBNR: Premium Earned</b>                |                       |                                 |           |          |                                |                                  |          |              |           |           |                  |
| 1999                                       | 69.6%                 | 102.9%                          | 274.6%    | 52.5%    | 48.2%                          | 53.0%                            | 66.2%    | 67.0%        | 40.0%     | 107.9%    | 49.0%            |
| 1998                                       | 47.8                  | 66.9                            | 70.4      | 62.6     | 53.4                           | 37.6                             | 102.6    | 32.9         | 28.1      | 61.5      | 23.4             |
| 1997                                       | 11.0                  | 38.2                            | 42.8      | 18.3     | 20.0                           | 9.2                              | 8.6      | 8.6          | 9.3       | 33.0      | 13.2             |
| 1996                                       | 7.4                   | 23.3                            | 34.9      | 36.3     | 12.0                           | 3.8                              | 4.3      | 4.3          | 7.4       | 19.7      | 10.5             |
| 1995                                       | 5.1                   | 22.1                            | 37.1      | 17.7     | 4.1                            | 2.3                              | 2.5      | 2.5          | 2.2       | 18.5      | 7.3              |
| <b>5-year average</b>                      | 17.2                  | 41.8                            | 42.2      | 25.2     | 16.5                           | 15.5                             | 10.6     | 13.6         | 14.0      | 35.4      | 18.4             |
| <b>Percentage Change In Premium Earned</b> |                       |                                 |           |          |                                |                                  |          |              |           |           |                  |
| 1998 to 1999                               | -4.7%                 | 6.4%                            | 2.2%      | -5.8%    | -0.7%                          | -0.2%                            | -9.2%    | 3.9%         | -2.0%     | -21.5%    | -5.5%            |
| 1997 to 1998                               | 2.1                   | 1.8                             | 36.4      | -1.0     | -17.7                          | 0.5                              | -0.8     | -7.1         | -3.4      | 13.4      | -3.8             |
| 1996 to 1997                               | -10.5                 | -9.1                            | -6.3      | -3.6     | -12.6                          | 0.6                              | -50.9    | 0.0          | 0.0       | -9.1      | 1.6              |
| 1995 to 1996                               | -3.6                  | -7.3                            | -3.0      | -5.1     | -8.2                           | 4.7                              | -8.7     | -16.7        | 13.6      | -23.5     | 17.4             |

\*Information incomplete. See narrative.

**Medical Malpractice Insurance Reports**  
Section 601.427, Wis. Stat.

The following table summarizes the reports on medical malpractice insurance required by s. 601.427, Wis. Stat., that were received in 2001. All of the information is for medical malpractice insurance written in Wisconsin by authorized insurers. Insurers that wrote less than \$300,000 annually in medical malpractice insurance premiums in Wisconsin were not required to report.

The first three lines are for the calendar years indicated by the column headings. The Average Written Premium per Policy is calculated from the entries in the previous two lines. The next fifteen lines are for the policy years shown by the column headings.

This report includes the experience of the Wisconsin Health Care Liability Insurance Plan. It does not include the experience of the Patients Compensation Fund.

It should be noted that the data are from individual insurer reports and have been accepted by this office without audit. In addition, the data do not separate occurrence policy experience from claims-made policy experience. These two types of policies have different claims payment experience patterns.

This report combines the experience for all physician and surgeon classifications, other health care professionals, hospital, and other health care facilities. The individual classification reports by company, from which the summary table was derived, have been maintained in this office.

Wisconsin Insurance Report Business of 2001  
Division of Regulation and Enforcement, Medical Malpractice Insurance Reports

**MEDICAL MALPRACTICE INSURANCE REPORT, S. 601.427, WIS. STAT.  
ENTRIES ARE**

|                                                               | 1990     | 1991     | 1992     | 1993     | 1994     | 1995     | 1996     | 1997     | 1998     | 1999     | 2000**   |
|---------------------------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 1. Investment and other income net gain or loss***            | \$22,515 | \$23,966 | \$26,493 | \$26,674 | \$22,677 | \$27,149 | \$24,736 | \$22,015 | \$19,545 | \$21,850 | \$16,972 |
| 2. Incurred loss adjustment expense***                        | 23,304   | 24,015   | 30,798   | 22,723   | 23,389   | 17,647   | 15,944   | 13,019   | 6,937    | 11,592   | 14,600   |
| 3. All other incurred expenses***                             | 10,528   | 11,869   | 12,730   | 13,783   | 14,377   | 13,887   | 16,432   | 15,151   | 15,821   | 15,421   | 13,261   |
| 4. Number of policies written                                 | 30,087   | 31,148   | 31,164   | 32,305   | 32,212   | 29,748   | 17,540   | 31,629   | 43,160   | 44,568   |          |
| 5. Total dollar amount of direct written premium              | 71,087   | 71,914   | 82,720   | 78,171   | 73,253   | 71,471   | 69,875   | 68,993   | 70,060   | 68,503   |          |
| 6. Average written premium per policy                         | 2,363    | 2,309    | 2,654    | 2,420    | 2,274    | 2,403    | 3,984    | 2,181    | 1,623    | 1,537    |          |
| 7. Number of open claims                                      | 4        | 5        | 4        | 19       | 32       | 57       | 152      | 228      | 277      | 425      |          |
| 8. Direct case reserves on open claims                        | 34       | 604      | 74       | 1,535    | 1,645    | 5,021    | 10,211   | 14,759   | 12,484   | 13,110   |          |
| 9. Amount paid on medical malpractice claims                  | 18,868   | 19,236   | 23,645   | 24,219   | 19,206   | 18,059   | 17,109   | 15,801   | 4,172    | 1,338    |          |
| 10. Reserves established for incurred but not reported claims | 2,652    | 6,240    | 4,320    | 5,271    | 5,496    | 6,471    | 9,996    | 15,073   | 21,030   | 21,660   |          |
| 11. Pure loss ratio                                           | 30.3%    | 36.3%    | 33.9%    | 39.7%    | 36.0%    | 41.3%    | 53.4%    | 66.1%    | 53.8%    | 52.7%    |          |
| 12. Total number of claims reported                           | 1,500    | 1,692    | 1,887    | 1,589    | 1,359    | 21,458   | 1,320    | 772      | 1,057    | 580      |          |
| 13. Total number of claims closed without payment             | 1,134    | 1,292    | 1,640    | 1,428    | 1,104    | 1,215    | 919      | 735      | 696      | 432      |          |
| 14. Total number of claims closed with payment                | 344      | 401      | 337      | 283      | 291      | 315      | 278      | 278      | 164      | 104      |          |
| 15. Total number of legal actions filed                       | 406      | 424      | 444      | 396      | 395      | 438      | 388      | 263      | 264      | 158      |          |
| 16. Total number of verdicts/ judgments for defendant         | 153      | 151      | 140      | 125      | 92       | 78       | 60       | 35       | 23       | 9        |          |
| 17. Total number of verdicts/ judgments for plaintiff         | 37       | 42       | 39       | 29       | 26       | 16       | 8        | 8        | 1        | 0        |          |
| 18. Total amount awarded to plaintiffs                        | 4,641    | 3,710    | 4,342    | 3,247    | 6,431    | 4,150    | 1,531    | 3,383    | 793      | 0        |          |

\* 000's omitted in items 1, 2, 3, 5, 8, 9, 10, and 18.

\*\*\* Policy year 2000 was not complete at time of writing.

\*\*\* These elements are reported on a calendar year basis; all other rows are on a policy year basis.

**Product Liability Insurance Reports**  
Section 601.425, Wis. Stat.

The following table summarizes the reports on product liability insurance required by s. 601.425, Wis. Stat., that were received in 2001. All of the information is for product liability insurance written in Wisconsin by authorized insurers. Insurers that wrote less than \$50,000 annually in product liability insurance premiums in Wisconsin were not required to report.

The first three lines are for the calendar years indicated by the column headings. The Average Written Premium per Policy is calculated from the entries in the previous two lines. The next fifteen lines are for the policy years shown by the column headings.

It should be noted that the data are from reports provided by individual insurers. These reports have been accepted by this office without audit. In addition, the data do not separate occurrence policy experience from claims-made policy experience. These two types of policies have different claims payment experience patterns.

Wisconsin Insurance Report Business of 2001  
Division of Regulation and Enforcement, Product Liability Insurance Reports

**PRODUCT LIABILITY INSURANCE REPORT, S. 601.425, WIS. STAT.  
ENTRIES ARE FOR INSURERS REPORTING PRODUCT LIABILITY INSURANCE IN WISCONSIN\***

|                                                               | 1990    | 1991     | 1992     | 1993     | 1994     | 1995     | 1996     | 1997     | 1998     | 1999     | 2000**   |
|---------------------------------------------------------------|---------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| 1. Investment and other income net gain or loss***            | \$9,336 | \$10,826 | \$12,561 | \$12,688 | \$12,185 | \$12,197 | \$19,766 | \$20,162 | \$18,523 | \$15,400 | \$14,399 |
| 2. Incurred loss adjustment expense***                        | 15,238  | 19,940   | 21,648   | 21,803   | 16,244   | 16,491   | 15,691   | 6,948    | 9,367    | 5,047    | 24,402   |
| 3. All other incurred expenses***                             | 17,151  | 18,813   | 27,440   | 15,627   | 16,846   | 14,825   | 19,094   | 8,877    | 12,596   | 12,566   | 12,843   |
| 4. Number of policies written                                 | 33,144  | 43,015   | 41,827   | 40,924   | 39,948   | 85,764   | 121,228  | 75,136   | 66,677   | 65,150   |          |
| 5. Total dollar amount of direct written premium              | 44,406  | 45,835   | 48,188   | 47,946   | 48,164   | 53,924   | 50,932   | 45,281   | 36,057   | 36,195   |          |
| 6. Average written premium per policy                         | 1,340   | 1,066    | 1,152    | 1,172    | 1,206    | 629      | 420      | 603      | 541      | 556      |          |
| 7. Number of open claims                                      | 14      | 31       | 70       | 52       | 58       | 56       | 99       | 144      | 203      | 372      |          |
| 8. Direct case reserves on open claims                        | 348     | 886      | 1,346    | 589      | 1,513    | 4,248    | 3,709    | 6,647    | 8,192    | 13,923   |          |
| 9. Amount paid on product liability claims                    | 18,626  | 24,568   | 17,504   | 26,760   | 15,436   | 23,467   | 13,548   | 11,841   | 9,694    | 16,807   |          |
| 10. Reserves established for incurred but not reported claims | 3,225   | 2,072    | 3,445    | 2,584    | 3,038    | 3,699    | 4,245    | 5,809    | 7,912    | 17,494   |          |
| 11. Pure loss ratio                                           | 50.0%   | 60.1%    | 46.3%    | 62.4%    | 41.5%    | 58.3%    | 42.2%    | 53.7%    | 71.5%    | 133.2%   |          |
| 12. Total number of claims reported                           | 385,319 | 69,477   | 26,079   | 24,742   | 5,602    | 4,806    | 4,617    | 37,647   | 340,401  | 2,898    |          |
| 13. Total number of claims closed without payment             | 1,302   | 1,515    | 1,535    | 1,784    | 1,540    | 1,897    | 1,787    | 1,447    | 1,390    | 1,277    |          |
| 14. Total number of claims closed with payment                | 1,471   | 1,733    | 1,647    | 1,766    | 1,605    | 3,536    | 1,491    | 1,348    | 994      | 1,027    |          |
| 15. Total number of legal actions filed                       | 853     | 1,036    | 620      | 678      | 3,578    | 521      | 693      | 266      | 145      | 90       |          |
| 16. Total number of verdicts/ judgments for defendant         | 34      | 26       | 28       | 41       | 36       | 19       | 23       | 13       | 6        | 1        |          |
| 17. Total number of verdicts/ judgments for plaintiff         | 21      | 25       | 31       | 31       | 35       | 21       | 18       | 6        | 0        | 1        |          |
| 18. Total amount awarded to plaintiffs                        | 1,897   | 2,075    | 641      | 1,137    | 1,439    | 618      | 300      | 42       | 0        | 21       |          |

\* 000's omitted in items 1, 2, 3, 5, 8, 9, 10, and 18.

\*\* Policy year 2000 was not complete at time of writing.

\*\*\* These elements are reported on a calendar year basis; all other rows are on a policy year basis.

## Consumer Publications

The following consumer publications are available from OCI. Copies of all brochures are available on-line on OCI's Web site: [http://oci.wi.gov/pub\\_list.htm](http://oci.wi.gov/pub_list.htm).

### HEALTH

#### Long-Term Care

- **Guide to Long-Term Care (PI-047)**—Explains different types of long-term care insurance and the types of policies sold in Wisconsin to cover long-term care expenses.
- **Long-Term Care Insurance Approved Policies in Wisconsin (PI-046)**—Lists individual, group and tax-qualified long-term care insurance policies, nursing home policies, and home health care policies including information regarding benefits and sample premiums.

#### Medicare Supplement

- **Medicare Supplement Insurance Approved Policies (PI-010)**—Lists all policies available in Wisconsin including benefits and current premiums.
- **Medicare+Choice - Questions and Answers (PI-099)**—Explains new options available to persons age 65 and over, and some disabled individuals under age 65, who are looking for information about the Medicare+Choice program.
- **Wisconsin Guide to Health Insurance for People with Medicare (PI-002)**—Explains Medicare and supplemental insurance to cover those expenses not paid by Medicare.

#### General

- **ANSI Claim Adjustment Reason Code (OCI 17-007)**—Claim adjustment reason codes that must be used by providers and their narrative explanation.
- **A Guide to Health Insurance and Worker's Compensation Insurance for Farm Families (PI-072)**—Provides information about health insurance and limitations for work-related injuries.
- **A Shopper's Guide to Cancer Insurance (PI-001)**—Describes cancer insurance policies and the limitations many of these policies have.
- **Consumer's Guide to Managed Care Health Plans in Wisconsin (PI-044)**—Provides information on all HMO and Limited Service Health Organization Plans in Wisconsin.
- **Fact Sheet on Continuation and Conversion in Health Insurance Policies (PI-023)**—Describes a consumer's rights under Wisconsin law and the federal COBRA law to continue or convert group health insurance coverage after losing previous eligibility for health insurance coverage.

- **Fact Sheet on Managed Care Consumer Protections in Wisconsin (PI-102)**—Describes consumer protections available to Wisconsin residents enrolled in managed care plans.
- **Fact Sheet on Mandated Benefits in Health Insurance Policies (PI-019)**—Gives a brief description of current mandated benefits.
- **Fact Sheet on Mandated Benefits for the Treatment of Nervous and Mental Disorders, Alcoholism and Other Drug Abuse (PI-008)**—Summarizes required coverages in group health insurance policies.
- **Group Health Insurance Index (PI-081)**—Survey results listing the monthly premiums for group health insurance policies for three hypothetical groups.
- **Health Insurance Coverage in Wisconsin (PI-094)**—Survey results listing the number of people covered by an HMO, Preferred Provider Organization, Point-of-Service Plan and traditional health insurance in Wisconsin.
- **The Health Insurance Portability and Accountability Act of 1996 and 1997 Wisconsin Act 27 (PI-096)**—Provides a general overview of the new federal law as well as the changes made to state health insurance laws.
- **HMO Quarterly Statement Summary**—Summarizes HMO information contained in the quarterly financial statement.
- **Insurance Coverage and AIDS (PI-064)**—Summarizes rules regarding health and life insurance underwriting and coverage for AIDS and includes Resources for Persons with a Positive HIV Test/The Implications of Testing Positive for HIV (OCI 17-001).
- **Mammograms: Mandated Insurance Coverage (PI-056)**—Summarizes required coverage for mammograms under health insurance policies.

### LIFE INSURANCE AND ANNUITIES

- **NAIC Life Insurance Buyer's Guide**—Explains types of life insurance and provides consumer information.
- **State Life Insurance Fund**—Information about the State Life Insurance Fund that offers life insurance to Wisconsin residents. This also includes a rate table and an application.
- **Wisconsin Buyer's Guide to Annuities (PI-016)**—Describes annuities and provides consumer information.

## PROPERTY AND CASUALTY

- **Buying a Home and Your Insurance Needs (PI-100)**—Provides information on title, homeowner's, flood and private mortgage insurance and discusses other insurance options to consider when buying a home.
- **Consumer's Guide to Auto Insurance (PI-057)**—Explains the types of coverage provided in an auto insurance policy, how to shop for insurance, collision damage waiver coverage for rental cars, and contains premiums for five hypothetical examples.
- **Consumer's Guide to Commercial Liability Insurance (PI-045)**—Contains basic information on commercial liability insurance, risk management, legal protections, required coverages, and optional coverages.
- **Consumer's Guide to Day Care Liability Insurance (PI-054)**—Answers questions about liability insurance coverage for day care facilities.
- **Consumer's Guide to Homeowner's Insurance (PI-015)**—Explains the basic coverages included in homeowner's and renter's insurance policies, the types of policies, what you should do if you have a loss, the Wisconsin Insurance Plan, and contains premium tables for four hypothetical examples.
- **Consumer's Guide to Insurance for Small Business Owners (PI-085)**—Provides information about business, worker's compensation, health, and auto insurance.
- **Consumer's Guide to Worker's Compensation Insurance for Employers (PI-065)**—Provides information on worker's compensation insurance requirements and answers frequently asked questions.
- **Fact Sheet on Foster Parent Liability Insurance (PI-048)**—Answers questions about liability insurance coverage for foster children.
- **Guía del Consumidor para Seguros de Vivienda (PI-115)**—Explica las coberturas básicas incluidas en las pólizas de seguros de propietarios de viviendas e inquilinos, los tipos de pólizas, qué debe hacer en caso de pérdida, el plan de seguros de Wisconsin y contiene tablas de tarifas para cuatro ejemplos hipotéticos.
- **Information Sheet on Surplus Lines Insurers and Agents (PI-026)**—Answers questions about surplus lines insurance and procedures for placing surplus lines insurance.
- **Settling Property Insurance Claims (PI-084)**—Provides information on what to do after a loss, how to settle an insurance claim, flood insurance, and tips on what to do before a loss.

- **Teenagers and Auto Insurance (PI-200)** — Provides information on buying car insurance, saving money, and how underage drinking affects your insurance premium.
- **Warranties (PI-069)**—Discusses the Magnuson-Moss Warranty Act, the federal law that covers warranties, and answers questions about extended warranties.

## OTHER

- **Consumer's Guide to Insurance (PI-051)**—Provides general information about health, life, auto, homeowner's, and worker's compensation insurance.
- **Fact Sheet on Insurance Terminations, Denials, and Cancellations (PI-024)**—Summarizes the laws dealing with notice requirements when insurance coverage is terminated.
- **Fact Sheet on Standard Health Insurance Forms (PI-083)**—Describes the requirements for billing formats to be used by providers and explanation of benefits and remittance advice forms used by insurers to explain claim payments.
- **Insurance Complaints and Administrative Actions (PI-030)**—An annual report listing companies with an above-average number of complaints in individual and group health, life and annuities, automobile, and homeowner's and tenant's insurance.
- **Learning about the Office of the Commissioner of Insurance on the World Wide Web (PI-095)**—Provides information about OCI's home site on the Internet.
- **Other Sources of Help (OCI 51-051)**—Provides information on Small Claims Court.
- **The Wisconsin Office of the Commissioner of Insurance (PI-059)**—Summarizes OCI's main functions, discusses employment opportunities, the civil service system, and pay and employee benefits.